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Report Highlights:

India to import super computers to improve weather forecast, *EGOM on food urged to lift export curbs on all varieties of non-basmati rice*, *Reconciliation on Food Bill, NAC nod to subsidy net for 70 percent population*, *Bt cotton puts India at fourth slot in GM crop acreage*, *India to become the world's largest economy by 2050*, *Food inflation slows to two-month low as winter harvest hits market*, *Bird flu resurfaces in Tripura State of India*, *India adopts new consumer prices index series to reflect prices at micro-level*, *Indian government allowed duty free import of milk powder*, *India bans milk powder and casein exports to cool milk prices*, *Domestic cashew use rises with living standards*, *Sharma defends duty on vegetable oil*, *Sugar worth Rs 84 billion rots in Maharashtra*, *Dunkin' Donuts to enter India with jubilant food works*, *Budget may lay ground for FDI in multi-brand retail*, *Aspirational goods to drive FMCG growth*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

INDIA TO IMPORT SUPER COMPUTERS TO IMPROVE WEATHER FORECAST

The Ministry of Science and Technology has decided to import super computers to improve weather forecasts in the country. The high processing speed of the super computer will allow the complex mathematical equations used to predict weather to create more accurate weather forecasts. The Ministry has developed a state of art weather forecasting system, which would benefit farmers across the country. (Source: [Tribune India](#), 02/19/2011)

EGOM ON FOOD URGED TO LIFT EXPORT CURBS ON ALL VARIETIES OF NON-BASMATI RICE

The Department of Commerce has urged the Empowered Group of Ministers on Food to lift export curbs on all varieties of non-basmati rice subject to a minimum export price (MEP) to ensure parity to rice producers across the country. Earlier this month the government allowed exports of 150,000 tons of 3 premium varieties grown in south India subject to a minimum export price of \$850 per ton. Some rice exporters complained that the decision to allow these varieties selectively is based on political reasons as southern states are facing elections. The Commerce Department argued that when the government is dictating the export value, there is no logic behind specifying varieties to be exported. The MEP will ensure that lower value common rice varieties cannot be exported due to the MEP. The department also wants the quantitative ceiling to be removed as it leads to uncertainty and malpractices in the business. (Source: [Economic Times](#), 02/21/2011)

RECONCILIATION ON FOOD BILL, NAC NOD TO SUBSIDY NET FOR 70 PERCENT POPULATION

Food Minister Dr K.V. Thomas said that the proposed National Food Security Bill is almost complete and it would cover about 65-70 percent of the population by entitling them to subsidized food grains. However, the proposed population coverage is less than National Advisory Council (NAC) proposal that suggested legal entitlement to at least 75 percent of the population – 90 percent in rural area and 50 percent in urban areas. A member of NAC said that there is not much difference between 70 percent and 75 percent. (Source: [Financial Express](#), 02/20/2011)

BT COTTON PUTS INDIA AT FOURTH SLOT IN GM CROP ACREAGE

India has the fourth largest area under genetically modified crops, estimated at 9.4 million hectares, next only to the U.S., Brazil and Argentina. However, the entire acreage is accounted by Bt cotton, unlike the U.S. which grows GM maize, soybean, cotton and various other crops. According to the International Service for Acquisition of Agri-biotech Applications report, the

number of cotton hybrids in 2010 was 780, including one open pollinated variety, of which 438 hybrids incorporated the dual gene Bollgard-II event. The coming planting season could see the commercialization of a new event featuring three genes –cry1Ac and cry1Ab to incorporate insect resistance and cp4-epsps gene for herbicide tolerance. (Source: [Hindu Business Line](#), 02/24/2011)

INDIA TO BECOME THE WORLD'S LARGEST ECONOMY BY 2050

India is likely to become the world's largest economy worth \$85.97 trillion in a matter of just 40 years, surpassing China and the U.S. These estimates are based on the purchasing power parity (PPP), an economic growth indicator that takes into account the purchasing power of each country's currency, instead of the prevailing exchange rate conversion. The Indian economy will rise owing to its huge demographic dividend, high savings rate and education system. According to the report, "India's population of working age people is expected to grow by 40.7 percent between 2010 and 2050." However, the report cautions that for India to actually realize this forecast, it will have to ensure that its working population is educated and trained as well as to create a large number of productive jobs, improving the infrastructure and attitude to foreign direct investments as well as overhaul its education system. (Source: [Indian Express](#), 02/24/2011)

FOOD INFLATION SLOWS TO TWO-MONTH LOW AS WINTER HARVEST HITS MARKET

India's food inflation slowed to a two-month low as more fruits and vegetables arrived from the winter harvest. Food inflation has stayed above 10 percent since December and has led to opposition protests, prompting the central bank to raise interest rates. According to World Bank, globally, food costs have surged to dangerous levels, pushing 44 million more people into extreme poverty since June. "Food prices in India will begin to soften from now onward as disruptions to supplies decrease" said an official from Axis Bank Ltd. (Source: [Livemint](#), 02/18/2011)

BIRD FLU RESURFACES IN TRIPURA STATE OF INDIA

On February 17, 2011, India confirmed the outbreak of notifiable Avian Influenza on a Government Duck Farm in the state of Tripura. The samples collected from the Government Duck Farm in Agartala (capital of Tripura) were found positive for notifiable Avian Influenza. Testing was conducted in the government labs at Kolkata and Bhopal. The Ministry of Agriculture, Department of Animal Husbandry, Dairying and Fisheries (DADF) has asked the state department of agriculture to take action to immediately control the situation. To prevent any further outbreak, DADF directed the state to start culling all poultry in the affected area within a radius of 3 kms. The DADF also ordered that surveillance be carried out within a radius of 10 kms. The last outbreak of Avian Influenza (AI) was reported in January 2010 in West Bengal. In June 2010, India declared itself free from Notifiable Avian Influenza. (Source: [Business Standard](#), 02/19/2011)

INDIA ADOPTS NEW CONSUMER PRICES INDEX SERIES TO REFLECT PRICES AT MICRO-LEVEL

On Friday, February 18, 2011, India adopted the new Consumer Price Index (CPI) that will reflect the actual movement of prices at the micro-level. The Central Statistics Office (CSO), Ministry of Statistics and Program Implementation (MoSPI), has introduced the new series of consumer price indices for all-India, and States and union territories separately for rural, urban and combined for the purpose of intra temporal price comparison with effect from January, 2011. The consumer indices have been released for five major groups — food, beverages and tobacco; fuel and light; housing; clothing, bedding and footwear; and miscellaneous. (Source: [The Hindu](#), 02/19/2011)

INDIAN GOVERNMENT ALLOWED DUTY FREE IMPORT OF MILK POWDER

In order to check the rising prices of milk, the government of India has allowed National Dairy Development board to import 30,000 tons of milk powder and 15,000 tons of butter oil at nil duty. The annual rate of inflation on milk for the week ended February 5 stood at 11.66 %. (Source: [Financial Express](#), 02/23/2011)

INDIA BANS MILK POWDER AND CASEIN EXPORTS TO COOL MILK PRICES

On February 18, 2011, the Government of India put an immediate ban on milk powder and casein exports to control rising milk prices. The ban is going to continue until further orders. (Source: [The Times of India](#), 02/19/2011)

DOMESTIC CASHEW USE RISES WITH LIVING STANDARDS

The domestic consumption of cashew kernels in India has shown an upsurge with an annual demand growth of over 10 percent, absorbing around two-thirds of the total cashew kernel production in the country. About 400,000 tons of cashew kernel is produced in the country, of which over 250,000 tons are consumed by Indians themselves. A change in food habits following an improvement in living standards and lifestyle has led to increased usage of cashew by the food industry, especially in bakery and confectionery products. Use of value-added cashew products as snacks is also on the rise among the middle, upper-middle and high-income groups. Maharashtra tops in raw nut production followed by Andhra Pradesh, Orissa and Kerala. The main constraint that the industry has faced is the non-availability of indigenously produced raw nuts. As a result, the industry has to perpetually depend on imports. Unfavorable weather conditions and political instability in the supplying countries in West Africa often negatively affect availability, making the situation worse. (Source: [Hindu Business line](#), 02/17/2011)

SHARMA DEFENDS DUTY ON VEGETABLE OIL

Commerce Minister Anand Sharma said last week that import duties on refined edible oils were very fair, playing down expectations the government would scrap the tax in the annual Budget due on February 28. Soaring edible oil prices, owing to erratic weather in key exporting countries, have prompted some Asian countries to act. Bangladesh slashed import taxes earlier this week and China may be mulling a similar move. "Lowering import taxes on edible oils were not necessary to curb India's food price-driven inflation, which has been stubbornly high but has shown signs of easing in February," said Sharma. Higher commodity and energy prices, especially that of crude oil, have contributed to the widening trade deficit as India needs to import to fuel a rebound in industrial growth. (Source: [Financial Express](#), 02/19/2011)

SUGAR WORTH RS 84 BILLION ROTS IN MAHARASHTRA

According to the Federation of Cooperative Sugar Factories in Maharashtra, more than half the sugar produced so far this year (about 3.4 million tons), valued at Rs 84 billion, remains unsold mostly due to non lifting of higher levy-free quota (LFQ) for January and February. Traders have not lifted sugar because of falling prices. Mills are also reeling under the widening mismatch between production costs and ex-mill realization. The LFQ, if not sold by the end of the month,

gets converted into levy quota. The problem has been accentuated because levy stocks are not being lifted either. Since there is no time limit on these stocks, state nominees do not purchase them. The total production in Maharashtra is estimated to tip the scales at 9.1 million tons. Of the total 6.5 million tons (1.4 beginning stock and 5.1 million tons produced), mills have sold only 3 million tons so far. (Source: [Business Standard](#), 02/21/2011)

DUNKIN' DONUTS TO ENTER INDIA WITH JUBILANT FOOD WORKS

Dunkin's Donuts is the latest in a series of US restaurant chains to tap into the booming fast food business in India. The company will open its first store in India early next year through a partnership with Jubilant Food works Ltd., which runs the Dominos Pizza chain in the country.

Unlike Starbucks, which is expected to operate via Tata owned Taj hotels, Dunkin' Donuts is likely to operate in the mass coffee segment. (Source: [Economic Times](#), 02/24/2011)

BUDGET MAY LAY GROUND FOR FDI IN MULTI-BRAND RETAIL

The Government of India is likely to announce a road map for allowing foreign direct investment (FDI) in multi-brand retail in the Union Budget 2011, which according to policy-makers, will control surging food prices and help farmers get better prices for their produce. Commerce and Industry Ministry Mr. Anand Sharma, in an interview in Kuala Lumpur, gave an indication that talks to open up the \$450 billion retail sector to foreign investment are at advanced stages. India is facing the problem of high food inflation due to weather-related supply disruptions, which have worsened due to profiteering by middlemen, wastage and lack of cold-chain facilities. If the proposal is announced in the budget, foreign companies in India such as Wal-Mart and Carrefour will be able to sell directly to customers and Indian companies such as Future group, Reliance Retail and scores of fledgling mid-size companies may seek foreign partners. (Source: [Business Standard](#), 02/19/2011 and [Economic Times](#), 02/25/2011)

ASPIRATIONAL GOODS TO DRIVE FMCG GROWTH

A study by The Nielsen Company states that future of the consumer products industry in India will be driven by aspirational products such as chocolates, personal care, fragrance and breakfast cereals. These segments are showing an annual growth rate of more than 20% and will be the next big thing in Indian consumers shopping basket. According to the CEO of Dabur Industries India, these products are immune to impacts like inflation. The Nielsen Study also states that dexterous variants, price points and pack sizes are acting as a catalyst and even rural and semi - urban consumers are upgrading to branded products. Though Grocers continue to lead the distribution channel in the lifestyle segment, high-end products are finding their ways. (Source: [Economic Times](#), 02/25/2011)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN1114	Weekly Hot Bites, #7	2/18/2011
IN1115	H5 Notifiable Avian Influenza found in Tripura State	2/22/2011
IN1117	Grain and Feed - Annual	2/25/2011

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